

**FILED**

NOV 2 1999

**WAIVER AND ASSIGNMENT**PEGGY B. DEANS, CLERK  
U.S. BANKRUPTCY COURT  
EASTERN DISTRICT OF N.C.

THIS WAIVER AND ASSIGNMENT made the 20<sup>th</sup> day of October, 1999, by Stanley H. Van Etten, an individual (hereinafter "Van Etten"), to Holmes Harden, Chapter 7 Bankruptcy Trustee (hereinafter "Trustee") in *In Re: International Heritage, Inc.*, case no. 98-02675-5-ATS (Bankr. E.D.N.C.) and *In Re: International Heritage, Incorporated*, case no. 98-02674-5-ATS (Bankr. E.D.N.C.) (hereinafter "Bankruptcy Cases").

**WITNESSETH:**

WHEREAS, Van Etten has entered into a settlement with the Trustee in the Bankruptcy Cases and has entered into a settlement with the Securities and Exchange Commission in a civil action pending in the United States District Court for the Northern District of Georgia and entitled: *Securities and Exchange Commission vs. International Heritage, Inc., Stanley H. Van Etten, Claude W. Savage, Larry G. Smith and International Heritage, Incorporated, a Nevada Corporation*, case no. 1-98-CV-0803-RWS (hereinafter "SEC Litigation"); and

WHEREAS, pursuant to Van Etten's settlements with the Trustee and the Securities and Exchange Commission, Van Etten has agreed to assign certain assets and waive certain rights.

NOW, THEREFORE, in consideration of his settlements with the Trustee and the Securities and Exchange Commission, the receipt and sufficient of which are acknowledged, Van Etten hereby:

1. Waives any and all claims, save and except any claims against insurance proceeds based on his personal claims from Executive Risk and TIG insurance companies, he or any of his affiliated entities may have in the Bankruptcy Cases, including but not limited to: (a) Proof of



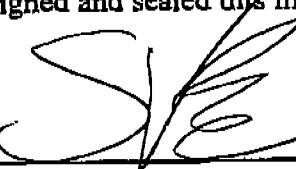
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Claim filed in the Bankruptcy Cases by Van Etten in excess of Five Million Four Hundred Twenty Five Thousand Dollars (\$5,425,000.00), a copy of which is attached hereto and incorporated herein by reference as Exhibit A; (b) Proof of Claim filed in the Bankruptcy Cases by Mayflower Capital, LLC, an affiliated entity, in the amount of One Million One Hundred Fifty Eight Thousand Five Hundred Twenty Dollars and 04/100 (\$1,158,525.04), a copy of which is attached hereto and incorporated herein by reference as Exhibit B; and (c) Proof of Claim filed in the Bankruptcy Cases by Mayflower Holdings, Inc., an affiliated entity, in the amount of One Hundred Thirteen Thousand Four Hundred Fifty Six Dollars (\$113,456.00), a copy of which is attached hereto and incorporated herein by reference as Exhibit C;

2. Assigns to the Trustee any and all claims which he may have against the surety bond posted in the SEC Litigation and the bond collateral in the amount of Three Million Five Hundred Thousand Dollars (\$3,500,000.00) held by ACSTAR Insurance Company, including any reversionary interest, relating to the surety bond posted pursuant to the orders of the United States District Court for the Northern District of Georgia in the SEC Litigation; and

3. Assigns and transfers all unencumbered and currently owned shares of common stock and options of International Heritage, Incorporated, a Nevada corporation, to the Trustee, which include 361,022 shares of stock and 5,541,800 options.

IN WITNESS WHEREOF, Van Etten has signed and sealed this instrument as of the date hereinabove written.



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Stanley H. Van Etten

Form B-10 (Official Form 10) (4/98)

## UNITED STATES BANKRUPTCY COURT EASTERN

DISTRICT OF NC

## Name of Debtor

International Heritage, Inc.

## Case Number

98-02675-5-ATS

Name of Creditor (The person or other entity to whom the debtor owes money or property):

Stanley H. Van Etten

Name and address where notices should be sent:

c/o Brent E. Wood  
Wood & Francis, PLLC  
P. O. Box 164  
Raleigh, NC 27602  
Telephone number: (919) 828-0801 Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars Check box if you have never received any notices from the bankruptcy court in this case. Check box if the address differs from the address on the envelope sent to you by the court.

*FILE*  
MAR 30 1999  
PEGGY B. DAVIS, CLERK  
EASTERN DISTRICT COURT  
This Space is for Court Use Only

Account or other number by which creditor identifies debtor:

Check here if this claim

 replaces  
 amends

a previously filed claim, dated:

## 1. Basis for Claim

- Goods sold
- Services performed
- Money loaned
- Personal injury/wrongful death
- Taxes
- Other Equity Investments

 Retiree benefits as defined in 11 U.S.C. § 1114(a)  
 Wages, salaries, and compensation (fill out below)

Your SSI 266 77 5788

Unpaid compensation for services performed  
from 08/28/98 to 11/25/98

(date) (date)

## 2. Date debt was incurred: Prior to Nov 25, 1998

## 3. If court judgment, date obtained: N/A

## 4. Total Amount of Claim at Time Case Filed:

\$ In excess of \$5,420,000

If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below.

Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.

## 5. Secured Claim:

 Check this box if your claim is secured by collateral (including a right of setoff).

## Brief Description of Collateral:

 Real Estate  Motor Vehicle Other Personal Property

Value of Collateral: \$ In excess of \$3.5 Million

## 6.

## Unsecured Priority Claim:

 Check this box if you have an unsecured priority claim  
Amount entitled to priority \$ 4,300

## Specify the priority of the claim:

 Wages, salaries, or commissions (up to \$4300), "earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(3). Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(4). Up to \$1,950<sup>o</sup> of deposit toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(6). Alimony, maintenance, or support owed to a spouse, former spouse, or child - 11 U.S.C. § 507(a)(7). Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8). Other - Specify applicable paragraph of 11 U.S.C. § 507(a)(...).

\*Amounts are subject to adjustment on 4/1/98 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.

Amount of arrearage and other charges at time case filed included in secured claim, if any: \$ \_\_\_\_\_

7. Credits: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.

This Space is For Court Use Only

8. Supporting Documents: *Anach copies of supporting documents*, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. (See Attached Exhibit A)  
DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.  
9. Date-Stamped Copy: To receive an acknowledgement of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.

Date

3/30/99

Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any).

Brent E. Wood, Attorney

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

EXHIBIT

A

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF NORTH CAROLINA**

IN RE: )  
INTERNATIONAL HERITAGE, INC. ) CASE NO.: 98-02675-5-ATS  
 ) CHAPTER 7  
Debtor. )

**EXHIBIT A**

As an addition to the proof of claim of Stanley H. Van Etten filed in the above-captioned bankruptcy, Mr. Van Etten will provide the following explanation as to his proof of claim. Mr. Van Etten is entitled to an indemnification from International Heritage pursuant to the employment agreement attached hereto and incorporated herein by reference as Exhibit 1. As part of his indemnification claim, Mr. Van Etten has incurred approximately \$265,000 in expenses since the time that the bankruptcy petition was filed by International Heritage, Inc. This includes approximately \$225,000 in attorneys fees and approximately \$40,000 in other expenses. Mr. Van Etten would contend that his indemnification claim is ongoing and he will be entitled to additional reimbursement in the future.

In addition, Mr. Van Etten is owed approximately \$135,000 in unpaid payroll, \$4,300 of which would be an unsecured priority claim. This total for payroll was calculated by adding approximately \$50,000 in unpaid and uncalculated commissions owed pursuant to the employment agreement attached as Exhibit 1, as well as an additional \$85,817.34 in unpaid direct payroll pursuant to that same employment agreement.

Mr. Van Etten's claim also includes \$5,000,000 in funds which were provided by Mr. Van Etten to International Heritage, Inc. as part of a bond posted in litigation pending in the Northern District of Georgia. The collateral for that bond which has been posted with Actstar Insurance Company is \$3,500,000, and Mr. Van Etten would claim an interest in those funds. As part of this bond agreement, Mr. Van Etten converted options to stock in the amount of \$1,500,000. From this \$1,500,000 total, International Heritage, Inc. is entitled to credits in approximately the following amount: \$190,261.87, \$251,293.52, and \$64,484.42. These credits are reflected in the documents attached hereto and incorporated herein by reference as Exhibit 2 and 3.

Finally, Mr. Van Etten made an equity investment of approximately \$20,000 into International Heritage near the inception of the company. The total of these amounts which are set forth in the claim, before making the credits set forth herein, is \$5,420,000.

STATE OF NORTH CAROLINA  
COUNTY OF WAKE

## EMPLOYMENT AGREEMENT

This Employment Agreement (hereinafter "Agreement") made and effective as of June 1, 1995, by and between International Heritage, Inc. and International Heritage of Canada, Inc. (hereinafter collectively referred to as "Employer"), both of which are corporations with International Heritage, Inc. being duly organized and existing under the laws of the State of North Carolina, with a place of business at 2626 Glenwood Avenue, Suite 200, City of Raleigh, County of Wake, and State of North Carolina, and with International Heritage of Canada, Inc. being duly organized and existing under the laws of Canada, with a place of business at 885 West Georgia Street, Suite 1370, City of Vancouver, Province of British Columbia, and Stanley H. Van Etten (hereinafter "Employee") with a residence at 11816 Mt. Batten Way, City of Raleigh, County of Wake, and State of North Carolina. (Throughout the Agreement, Employer and Employee will collectively be referred to as the "Parties.")

## RECITALS

WHEREAS, Employer is engaged in the business of multi-level network marketing, and desires to employ the services of Employee as Chief Executive Officer of its current operations and to assist in the opening and operation of additional regional offices; and

WHEREAS, Employee is willing to be employed by Employer, and Employer is willing to employ Employee, on the terms, covenants, and conditions set forth in this Agreement.

NOW, THEREFORE, for the reasons set forth above, and in consideration of the mutual promises and agreements set forth in this Agreement, Employer and Employee agree as follows:

### SECTION ONE: EMPLOYMENT

1. Employer hereby employs, engages, and hires Employee as Chief Executive Officer of Employer to assist Employer in becoming a successful multi-level network marketing company and provide financial and management services to the Employer, and Employee hereby accepts and agrees to such employment, engagement, and hiring, subject to the supervision of and pursuant to the orders, advice, and direction of the Board of Directors of the Employer.
2. Employee shall perform such other duties as are customarily performed by one holding such position in other, same, or similar businesses or enterprises as that engaged in by Employer, and shall additionally render such specific, other and unrelated services and duties as may be assigned to the Employee from time to time by the Board of Directors of the Employer.

### SECTION TWO: BEST EFFORTS OF EMPLOYEE

Employee agrees that he will at all times faithfully, industriously, and to the best of his ability, experience, and talents, perform all of the duties that may be required of and from him pursuant to the express and implicit terms of this Agreement, to the reasonable satisfaction of Employer. Such duties shall be rendered at 2626 Glenwood Avenue, City of Raleigh, State of North Carolina, and at 995 West Georgia Street, Suite 1370, City of Vancouver, Province of British Columbia, and such other place or places as Employer shall in good faith require on a temporary basis or as the interests, needs, business, or opportunities of Employer shall require.

### SECTION THREE: TERM OF EMPLOYMENT

The term of this Agreement shall be for three (3) years commencing June 1, 1995, and terminating May 31, 1998, subject, however, to prior termination as provided in this Agreement.

The execution of this Agreement after June 1, 1995, in no way limits or impacts the enforceability of this Agreement, and Employer hereby ratifies the terms of this Agreement for the time period of June 1, 1995, to the date of execution of this Agreement, and thereafter until termination of this Agreement pursuant to the provisions herein.

#### SECTION FOUR: COMPENSATION OF EMPLOYEE

1. Employer shall pay Employee, and Employee shall accept from Employer, in full payment of Employee's services as the Chief Executive Officer of Employer, a compensation equal to the greater of three percent (3%) of the net revenues of Employer, as defined by general accounting principals, or FOUR HUNDRED TWENTY-FIVE THOUSAND AND NO/100 DOLLARS (\$425.000.00) per year, payable at least twice each month.<sup>1</sup>
2. Employer shall reimburse Employee, pursuant to company policy, for all out-of-pocket expenses that Employee shall incur in connection with his services for Employer contemplated by this Agreement on presentation by Employee of appropriate vouchers or receipts for such expenses to Employer.
3. In addition to the compensation referenced hereinabove, and in partial

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<sup>1</sup>As of October 31, 1995, Employee has received compensation in the amount of \$ 77,905.71 from Employer for services rendered between June 1, 1995, and October 31, 1995. Employer acknowledges that the compensation received by the Employee during this time period is not payment in full pursuant to the compensation agreement referenced above. Instead, the compensation received represents three percent (3%) of the net revenues of Employer as defined by general accounting principals between June 1, 1995, and October 31, 1995, which is less than the \$425,000.00 annualized minimum. Therefore, the Employer acknowledges that additional compensation is owed to the Employee for services rendered as the Chief Executive Officer for the period of June 1, 1995, through October 31, 1995, in the amount of \$ 99,177.62. Pursuant to the terms of this Agreement, the Employer agrees to execute a promissory note for the balance owed as compensation, which promissory note shall be payable upon demand and shall bear interest at the rate of eight percent (8%) per annum. Furthermore, the Employer agrees to withhold from said additional compensation the necessary taxes due and owing the federal and state governments with respect to said compensation and withhold from its own gross revenues the necessary matching contribution due and owing the federal and state governments with respect to said compensation.

consideration for the guarantees previously executed by the Employee for the benefit of Employer, Employee shall be entitled to a stock bonus of one percent (1%) of the issued and outstanding common stock of Employer as of December 31, 1995, provided that Employer is open and doing business and provided that Employer has achieved gross revenue in excess of \$5,000,000.00; and a bonus of two percent (2%) of the issued and outstanding common stock of Employer as of December 31, 1996, provided that Employer is open and doing business and provided that Employer has achieved gross revenue in excess of \$25,000,000.00; and a bonus of three percent (3%) of the issued and outstanding common stock of Employer as of December 31, 1997, provided that Employer is open and doing business and provided that Employer has achieved gross revenue in excess of \$75,000,000.00; and a bonus of three percent (3%) of the issued and outstanding common stock of Employer as of December 31, 1998, provided that Employer is open and doing business and provided that Employer has achieved gross revenue in excess of \$125,000,000.00; and a bonus of three percent (3%) of the issued and outstanding common stock of Employer as of December 31, 1999, provided that Employer is open and doing business and provided that Employer has achieved gross revenue in excess of \$200,000,000.00; and a bonus of three percent (3%) of the issued and outstanding common stock of Employer as of December 31, 2000, provided that Employer is open and doing business and provided that Employer has achieved gross revenue in excess of \$275,000,000.00.

4. In addition to the compensation set forth hereinabove, Employee shall receive a semi-annual bonus, which shall be payable no later than July 15th and January 15th (the first such installment being due no later than January 15, 1996, for the initial seven-month term of this agreement), equal to three percent (3%) of the operating profits of Employer before taxes.

debt service, and depreciation at that time and determined by the six-month financial statement of Employer as of June 30th and December 30th. For the purpose of this paragraph, debt service shall include any loan to the Employer for the purpose of conducting business which is payable over a period of one (1) year or more.

#### SECTION FIVE: OTHER EMPLOYMENT

Employee shall devote a sufficient amount of his time, attention, knowledge, and skills solely to the business and interests of Employer. Employer shall be entitled to all of the benefits, profits, or other issues arising from or incident to all work, services, and advice of Employee and Employee shall not, during the term of this Agreement, be interested directly or indirectly, in any manner, as partner, officer, director, shareholder, advisor, employee, or in any other capacity in any other business similar to Employer's business or any allied trade; provided, however, that nothing contained in this section shall be deemed to prevent or to limit the right of the Employee to invest any of his money in the capital stock or other securities of any corporation whose stock or securities are publicly owned or are regularly traded on any public exchange, nor shall anything contained in this section be deemed to prevent Employee from investing or limiting Employee's right to invest his money in real estate. Furthermore, Employer acknowledges that the Employee currently has a substantial business relationship with Mayflower Holdings, Inc. and Mayflower Capital, LLC, which relationship the Employee shall not have to terminate during the term of this Agreement. The Employer acknowledges that nothing contained in this section shall prevent or limit the right of the Employee to continue his relationship with Mayflower Holdings, Inc. and Mayflower Capital, LLC, during the term of this Agreement, nor shall anything contained in this section prevent or limit the right of the

Employee to devote a limited amount of his time, attention, knowledge, and skills to Mayflower Holdings, Inc.'s and Mayflower Capital, LLC's business or allied trade, so long as such relationship does not interfere with Employee's performance under this Agreement.

#### **SECTION SIX: EMPLOYEE'S SERVICES AS DIRECTOR**

Employee hereby consents to serve as a director of Employer or any parent, subsidiary, or corporation affiliated with Employer, if duly elected and qualified, on condition that Employee receive the same compensation paid to other directors of any such company for their services as directors.

#### **SECTION SEVEN: VACATION**

Employee shall be entitled to twenty (20) days of paid vacation each year during the term of this Agreement, the time for such vacation to be determined by mutual agreement between Employer and Employee.

#### **SECTION EIGHT: HEALTH AND DEATH BENEFITS**

1. Employer agrees to provide health benefits to the Employee and his immediate family, which shall include the Employee's spouse and all children of Employee. In the event Employee selects a health plan other than that provided to all employees of Employer, Employer shall pay on behalf of Employee the amount that Employee and his immediate family would be charged under the health care plan provided to all employees of Employer. Any difference in health care benefit coverage shall be the responsibility of Employee.

2. Employer agrees to purchase upon the execution of this Agreement a key man insurance policy in the amount of \$2,500,000.00, which will provide a death benefit of \$1,500,000.00 to Employer and a death benefit of \$1,000,000.00 to Employee's designated

beneficiary or his heirs.

#### SECTION NINE: TERMINATION FOR DISABILITY

In spite of anything in this Agreement to the contrary, Employer is hereby given the option to terminate this Agreement in the event that Employee shall, during the term of this Agreement, become permanently disabled as the term "permanently disabled" is fixed and defined in this section. Such option shall be exercised by Employer giving notice to Employee by registered mail addressed to him in care of the Employer at 2626 Glenwood Avenue, Suite 200, City of Raleigh, State of North Carolina, or at such other address as Employee shall designate in writing of Employer's intention to terminate this Agreement on the last day of the month during which such notice is mailed. On the giving of such notice, this Agreement shall cease on the last day of the month for which the notice is so mailed, with the same force and effect as if such last day of the month were the date originally set forth in this Agreement as the termination date of this Agreement; provided, however, that Employee shall receive from Employer compensation pursuant to the terms of this Agreement for a period of one (1) year following the effective date of such termination.

For the purposes of this Agreement, Employee shall be deemed to have become permanently disabled if, during any year of the term of this Agreement, because of ill health, physical or mental disability, or for other causes beyond Employee's control, he shall have been continuously unable or shall have failed to perform his duties under this Agreement for ninety (90) consecutive days, or if, during any year of the term of this Agreement, Employee shall have been unable or shall have failed to perform his duties for a total period of one hundred and twenty (120) days, irrespective of whether or not such days are consecutive. For the purposes

of this Agreement, the term "any year of the term of this Agreement" is defined to mean any twelve (12) calendar months commencing on June 1, 1995, and terminating on May 31, 1998, during the term of this Agreement.

#### SECTION TEN: INDEMNIFICATION

In return for the services provided to Employer by Employee and many risks accepted by the Employee on behalf of the Employer in the start-up of Employer, Employer shall indemnify Employee to the fullest extent permitted by law against (1) reasonable expenses, including attorneys' fees, actually and necessarily incurred by Employee in connection with any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, seeking to hold Employee liable by reason of the fact that Employee is or was acting in any capacity for Employer, and (2) payments made by Employee on behalf of Employer in satisfaction of any judgment, money decree, fine, penalty, or reasonable settlement for which Employee may have become liable in any such action, suit, or proceeding. In the event that there is any threatened or pending action, suit, or proceeding initiated against the Employee pursuant to which the Employee may become liable, the Employee shall have the right to demand and obtain from the Employer an advance of TWELVE THOUSAND AND NO/100 DOLLARS (\$12,000.00) to insure payment of any judgment, money decree, fine, or penalty, which amount shall be deposited in the trust account of Employee's chosen counsel, but which shall not relieve Employer from satisfying Employee's attorneys' fees and expenses on a monthly basis while the action, suit, or proceeding is pending.

#### SECTION ELEVEN: TERMINATION OF AGREEMENT

1. This Agreement may be terminated by either party on thirty (30) days written

notice to the other; however, Employer can terminate this agreement "for cause" only, which cause must be set forth specifically within the written notice of termination provided to Employee. Within the Agreement, "for cause" termination will be limited to these situations when a majority of the Board of Directors has determined that the Employee has been grossly negligent with respect to his duties as Chief Executive Officer or determine that Employee is in material breach of this Agreement. If Employer shall so terminate this Agreement, Employee shall be entitled to compensation for one (1) year pursuant to the terms of this Agreement from the date of termination. If Employer terminates this Agreement, Employer will not be relieved of any obligation under this Agreement during the one (1) year period of full compensation. If Employee shall so terminate this Agreement, he shall be entitled to compensation for a period of six (6) months pursuant to the terms of this Agreement from the date of termination. Furthermore, regardless of how or when this Agreement is terminated, Employer shall at no time be relieved of its obligation to indemnify Employee pursuant to the terms of this Agreement.

2. Even though the initial term of employment shall terminate on May 31, 1998, this Agreement shall automatically renew for successive three-year periods unless written notice of the termination of this Agreement is provided by one party to the other at least ninety (90) days prior to the end of the initial term of this Agreement or at the end of each successive term of this Agreement. Furthermore, the Employer agrees not to terminate this Agreement at the end of the initial term or any successive term unless good cause exists to terminate this Agreement, and Employer agrees to negotiate in good faith with the Employee at the end of the initial term of this Agreement and at the end of each successive term of this Agreement so that Employee

will be provided an employment and compensation package consistent with the value that Employee provides to Employer.

#### **SECTION TWELVE: AGREEMENTS OUTSIDE OF CONTRACT**

This Agreement contains the complete understanding and agreement concerning the employment arrangement between the Parties and shall, as of the effective date hereof, supersede all other agreements, representations, promises or understandings, written or oral, between the Parties with respect to the subject matter of this Agreement.

#### **SECTION THIRTEEN: MODIFICATION OF AGREEMENT**

Any modification of this Agreement or additional obligation assumed by either party in connection with the Agreement shall be binding only if evidenced in writing signed by the Parties or any authorized representative of the Parties.

#### **SECTION FOURTEEN: ARBITRATION**

If there is a dispute over payment of fees or expenses under this Agreement, the dispute will be resolved by binding arbitration before the American Arbitration Association, and Employee and Employer agree to be bound by the final decision of that arbitration. Any prevailing party in arbitration shall have the right to recover all costs and fees, to include attorneys' fees incident to the arbitration. A demand for arbitration shall be made within a reasonable time after the claim, dispute, or other matter in question has arisen and in no event shall the demand for arbitration be made after the date when the institution of legal or equitable proceedings based on such dispute, claim, or controversy would be barred by the applicable statute of limitations.

**SECTION FIFTEEN: EFFECT OF PARTIAL INVALIDITY**

The invalidity of any portion of this Agreement will not and shall not be deemed to affect the validity of any other provision. In the event that any provision of this Agreement is held to be invalid, the Parties agree that the remaining provisions shall be deemed to be in full force and effect as if they had been executed by both Parties subsequent to the expungement of the invalid provision.

**SECTION SIXTEEN: CHOICE OF LAW**

It is the intention of the Parties to this Agreement that the performance under this Agreement, and all suits and special proceedings under this Agreement be construed in accordance with and under and pursuant to the laws of the State of North Carolina in that, in any action, special proceeding or any other proceeding that may be brought arising out of, in connection, or by reason of this Agreement, the laws of the State of North Carolina shall be applicable and shall govern to the exclusion of the law of any other forum, without regard to the jurisdiction in which any action or special proceeding may be instituted.

**SECTION SEVENTEEN: NO WAIVER**

The failure of either party to this Agreement to insist upon the performance of any of the terms and conditions of this Agreement, or the waiver of any breach of any of the terms and conditions of this Agreement, shall not be construed as thereafter waiving any such terms and conditions, but the same shall continue and remain in full force and effect as if no such forbearance or waiver had occurred.

**SECTION EIGHTEEN: ATTORNEYS' FEES**

In the event that any action is filed in relation to this Agreement, the unsuccessful party

in the action shall pay to the successful party, in addition to all sums that either party may be called on to pay, a reasonable sum for the successful party's attorneys' fees.

#### **SECTION NINETEEN: PARAGRAPH HEADINGS**

The titles to the paragraphs of this Agreement are solely for the convenience for the Parties and shall not be used to explain, modify, simplify, or aid in the interpretation of the provisions of this Agreement.

#### **SECTION TWENTY: PROMISSORY NOTE**

Pursuant to the terms of this Agreement, and simultaneous with the execution of this Agreement, Employer shall execute a Promissory Note for the benefit of Employee for unpaid compensation between the period of June 1, 1995, and October 31, 1995.

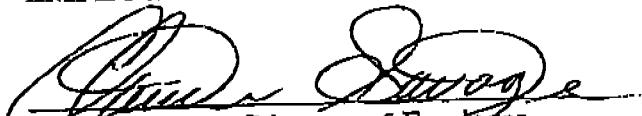
**IN WITNESS WHEREOF**, each party to this Agreement has caused it to be executed under seal and on the date indicated below.

**EMPLOYEE**

(SEAL)

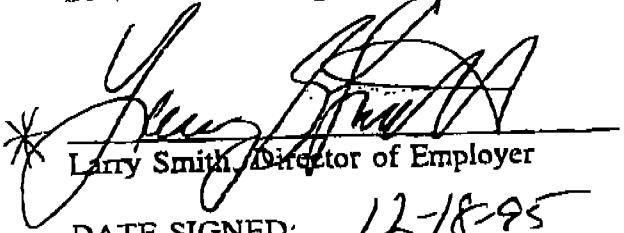
Stanley H. Van Etten

DATE SIGNED: 12/11/95

**EMPLOYER**

Claude Savage, Director of Employer

DATE SIGNED: 12/11/95 (CORPORATE SEAL)



Larry Smith, Director of Employer

DATE SIGNED: 12-18-95

ATTEST: I, Dwight Hallman, Secretary of International Heritage, Inc., a North Carolina corporation, and Secretary of International Heritage of Canada, Inc., certify that the Employment Agreement hereinabove was accepted and adopted by the Board of Directors of International Heritage, Inc. and International Heritage of Canada, Inc. attended by all members of the Board of Directors, at a meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, 1995, and that the unanimous written consent of the Board of Directors was acknowledged by the signatures hereinabove, with the only remaining member of the Board of Directors, Stanley H. Van Etten, recusing himself from consideration of this proposal, and that the Board of Directors authorized that this Employment Agreement become a resolution of the corporation to be duly entered in the records of the Board of Directors meetings and consents, and is the only resolution adopted by the Board of Directors alluding to the subject matter of this resolution.

Witness by hand and the seal of the corporation on the \_\_\_\_\_ day of \_\_\_\_\_, 1995.

(CORPORATE SEAL)

Dwight Hallman  
Secretary of International Heritage, Inc. and  
International Heritage of Canada, Inc.

c:\wpt\sgroot\van

NORTH CAROLINA

WAKE COUNTY

**BILL OF SALE**

THIS BILL OF SALE is made this 12<sup>th</sup> day of November, 1998, by International Heritage, Incorporated (the "Seller") to Stanley H. Van Etten (the "Buyer").

Seller, for and in consideration of the reduction of obligations owed by the Seller to Buyer in the amount of \$190,261.87, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, has bargained and sold and by these presents does bargain, sell, grant, assign, transfer, set over, deliver, and convey unto Buyer, his heirs and assigns, certain articles of personal property, more particularly described as follows (the "Personal Property"): See attached Exhibits 1 and 2, which are incorporated herein by reference.

To have and to hold the Personal Property to the Buyer and his heirs and assigns in fee simple.

And Seller covenants that he is seized of said property in fee and has the right to convey the same in fee simple, that the same is free and clear of all encumbrances whatsoever, and that he will warrant and defend the title thereto against the lawful claims of all persons whomsoever.

FURTHER, the Seller hereby covenants and agrees to sign, execute, and deliver, or cause to be signed, executed, and delivered, and to do or make, or cause to be done or made, upon reasonable request of the Buyer, any and all agreements, instruments, papers, deeds, acts, or things, supplemental, confirmatory, or otherwise, as may be reasonably required by the Buyer for the purpose of or in connection with acquiring or more effectually vesting in the Buyer or

evidencing the vesting in the Buyer of all the right, title, and interest of the Seller in and to the Personal Property.

THE SELLER MAKES NO WARRANTY, EXPRESS OR IMPLIED, WHETHER OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR OTHERWISE, THE BUYER HAS MADE AND RELIED UPON HIS OWN INSPECTION OF THE PERSONAL PROPERTY AND ACCEPTS IT IN "AS IS" CONDITION.

IN TESTIMONY WHEREOF, the Seller has hereunto caused this Bill of Sale to be executed on its behalf the day and year first above written.

INTERNATIONAL HERITAGE, INCORPORATED

By:   
Stanley H. Van Etten, President

ATTEST:

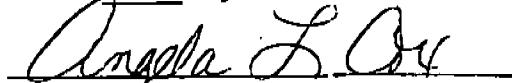
Anna M. Washburn  
Secretary (Corporate Seal)

NORTH CAROLINA

WAKE COUNTY

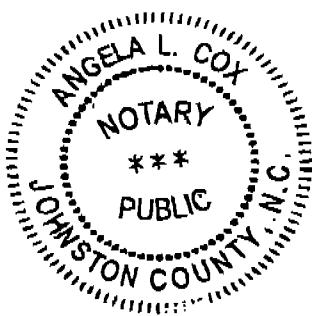
I, a Notary Public for said County and State, certify that Anna M. Washburn personally came before me this day and acknowledged that (s)he is \_\_\_\_\_ Secretary of INTERNATIONAL HERITAGE, INCORPORATED, a corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by him/her as its \_\_\_\_\_ Secretary.

Witness my hand and official seal or stamp, this the 18<sup>th</sup> day of November, 1998.



Notary Public

My Commission Expires: 7-29-2003



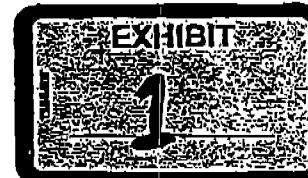
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**International Heritage Furniture Proposal  
to Dynamic Essentials**

Qty	Description	IHI Cost	Selling Price @ .35	Item Total at .35	Selling Price @ .45	Item Total at .45
1	8 Person Conf Table	\$1,500	\$525	\$525	\$675	\$675
4	Conf Room Chairs	\$300	\$105	\$420	\$135	\$540
12	Training Room Chairs	\$217	\$76	\$911	\$98	\$1,172
3	Sm round conf table.3-4 person	\$280	\$98	\$294	\$126	\$378
2	48X96 Training Room Table - Green	\$313	\$110	\$219	\$141	\$282
2	RH Exec Desks w/Return	\$805	\$282	\$564	\$362	\$725
3	LH Exec Desks w/Return	\$805	\$282	\$845	\$362	\$1,087
1	Exec Desks double Ped	\$805	\$282	\$282	\$362	\$362
3	Secretarial Desk w/1ft return	\$460	\$161	\$483	\$207	\$621
1	Secretarial Desk w/1 ft return	\$460	\$161	\$161	\$207	\$207
1	Mah. Credenza	\$510	\$179	\$179	\$230	\$230
4	Mahagony Bookcase	\$350	\$123	\$490	\$158	\$630
3	Mah. Lateral File Cabinet	\$370	\$130	\$389	\$167	\$500
4	Black High Back Exec Ch	\$291	\$102	\$407	\$131	\$524
5	Burgundy Side Chairs	\$175	\$61	\$306	\$79	\$394
2	GrnDsk w/Hch,kbd Tray	\$970	\$340	\$679	\$437	\$873
22	Black Task Chairs	\$250	\$88	\$1,925	\$113	\$2,475
1	Lobby Couch	\$750	\$263	\$263	\$338	\$338
2	Lobby Coffee table- 1 from SF 1 from Glenwood	\$185	\$65	\$130	\$83	\$167
2	Lobby Side Table	\$95	\$33	\$67	\$43	\$86
2	Lobby Side Chair	\$415	\$145	\$291	\$187	\$374
1	Lobby Corn Plant w/brass planter	\$90	\$32	\$32	\$41	\$41
1	Lobby green/white plant w/brass planter	\$90	\$32	\$32	\$41	\$41
1	Lobby Coffee table (Jeff's office)	\$185	\$65	\$65	\$83	\$83
1	Exec green leather chair (JB's office)	\$400	\$140	\$140	\$180	\$180
1	4 drawer putty lateral cabinet 72"	\$170	\$60	\$60	\$77	\$77
2	4 drawer gray lateral cabinet 72"	\$170	\$60	\$119	\$77	\$153
2	5 drawer gray lateral filing cabinet 78"	\$595	\$208	\$417	\$268	\$536
1	5 drawer putty lateral filing cabinet 78"	\$595	\$208	\$208	\$268	\$268
4	Black File Cabinets	\$135	\$47	\$189	\$61	\$243
1	Fire King Gray Lateral Cabinet	\$1,795	\$628	\$628	\$808	\$808
1	Gray supply cabinet w/lock (Mailroom)	\$134	\$47	\$47	\$60	\$60
1	Lobby Welcome Sign w/letters	\$50	\$18	\$18	\$23	\$23
1	Gray printer stand (Diana's area)	\$95	\$33	\$33	\$43	\$43
15	30X60 Workstation Table	\$140	\$49	\$735	\$63	\$945
15	3-drawer Workstation Pedestals	\$95	\$33	\$499	\$43	\$641
35	Bevis 48X60 Panel Charcoal	\$170	\$60	\$2,083	\$77	\$2,678
1	Leather Reception Couch from SF	\$1,795	\$628	\$628	\$808	\$808
1	Conference Room Credenza from SF	\$450	\$158	\$158	\$203	\$203
1	Reception Desk From SF	\$570	\$200	\$200	\$257	\$257
20	Accessories Prints from SF	\$100	\$35	\$700	\$45	\$900

totals:      \$16,815      or      \$21,619

\*\*IHI cost on these materials \$48,043



Units	Item	Inv Cost	50% Cost <sup>1</sup>	FMV	Ex FMV	Location	NC
1	COMPAQ Presario 200 62233 4.3 SCSI 10/100N	229.20	1146.00	1,146.00	\$ 1,146.00	Canada	1
1	HP DAT 8 GIG Backup Tape Drive	635.36	317.68	317.68	\$ 317.68	Canada	1
1	Seagate Backup Exec - SS Edition	488.11	244.06	244.06	\$ 244.06	Canada	1
1	Windows NT - 4.0 10 User, Network Op System	1129.00	564.50	564.50	\$ 564.50	Canada	1
1	MS Exchange 5.5 - 10 User, Mail System	1366.13	683.07	683.07	\$ 683.07	Canada	1
1	JRG .ICE Icp - 5 User, Connectivity to K220	388.84	194.42	194.42	\$ 194.42	Canada	1
2	HP 4000TN 2, 250 sheet Trays with JetDirect	1625.00	812.50	812.50	\$ 1,625.00	Canada	1
1	Monitor For Server	235.00	117.50	117.50	\$ 117.50	Canada	1
1	3.5 to 5.14 Bezel for Tape Drive	7.13	3.57	3.57	\$ 3.57	Canada	1
1	Cisco 1604	1402.35	701.18	701.18	\$ 701.18	Canada	1
1	APC 400 Back UPS	157.47	68.74	54.99	\$ 54.99	Canada	1
1	APC 700 UPS	448.10	224.05	224.05	\$ 224.05	Canada	1
1	3COM HUB - 12 port	200.00	100.00	100.00	\$ 100.00	Canada	1
1	NETBIOS Switch	1844.00	922.00	737.60	\$ 737.60	Storage	1
3	3Com TP/12 Hub	346.00	173.00	100.00	\$ 300.00	Storage	1
1	Compaq ProLiant 2500	1100.00	550.00	440.00	\$ 4,400.00	Storage	1
1	NT Server - 10 CAL	1129.00	564.50	564.50	\$ 564.50	Storage	1
1	MS Exchange 5.5 - 10 User, Mail System	1386.13	693.07	693.07	\$ 693.07	Storage	1
1	APC Smart UPS 2200	0.00	545.00	545.00	\$ 545.00	Storage	1
1	HP K370	\$ 125,000.00	\$ 62,500.00	\$ 70,000.00	\$ 70,000.00	Storage	1
1	HP Laserjet 800CN	\$ 4,278.00	\$ 2,139.00	\$ 2,800.00	\$ 2,800.00	Storage	1
1	Cisco 2524 Router	\$ 1,806.00	\$ 903.00	\$ 734.00	\$ 734.00	Storage	1
1	ISDN Module	\$ 655.00	\$ 327.50	\$ 266.50	\$ 266.50	Storage	1
1	Serial Module	\$ 1,387.00	\$ 693.50	\$ 560.00	\$ 560.00	Storage	1
1	Alpha 4160c Reader Board	\$ 5,000.00	\$ 2,500.00	\$ 2,000.00	\$ 2,000.00	Storage	1
1	ADX Milinks reporting package/Admin PC	\$ 4,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	Storage	1
1	ADX Phone System	\$ 50,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	Storage	1
1	NECCNeFAX 595	\$ -	\$ -	\$ 300.00	\$ 300.00	Wicker D	1
1	Shure FO-6550	\$ -	\$ -	\$ 300.00	\$ 300.00	Wicker D	1
3	Superstack II Entry Hub - 24 Port	\$ 815.00	\$ 407.50	\$ 326.00	\$ 978.00	Storage	1
2	Superstack II Switch 1000	\$ 2,300.00	\$ 1,150.00	\$ 840.00	\$ 1,660.00	Storage	2
2	APC Backups 400 UPS	\$ 158.00	\$ 79.00	\$ 45.00	\$ 90.00	Storage	2
1	Toshiba Portable TECRA 500CUT 16MB	\$ 4,456.89	\$ 2,122.95	\$ 2,122.95	\$ 2,122.95	Chris	1
3	Laserjet 4000TN	\$ 2,075.00	\$ 1,012.50	\$ 1,000.00	\$ 3,000.00	Storage	1
3	19" Rack	\$ 80.00	\$ 40.00	\$ 35.00	\$ 105.00	Storage	2
1	Jason Time Data Time Clock (wiCard)	\$ 4,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00		
1	HP Office Jet 630	\$ 701.18	\$ 350.59	\$ 350.59	\$ 350.59	John	
4	Workstations - P-160/16 Meg	\$ 1,404.00	\$ 702.00	\$ 550.00	\$ 2,200.00	Canada	4
4	P150 with keyboard/mouse/surge	\$ 1,625.40	\$ 812.70	\$ 500.00	\$ 2,000.00	Wicker D	4
5	24 Port AMP Cat 5 Patch Panels	\$ 103.00	\$ 51.50	\$ 50.00	\$ 250.00	Storage	5
12	P133 with keyboard/mouse/surge	\$ 1,551.88	\$ 775.94	\$ 425.00	\$ 5,100.00	Wicker D	6
18	P166 with keyboard/mouse/surge	\$ 1,562.64	\$ 781.32	\$ 550.00	\$ 9,900.00	Wicker D	10
38	P120 with keyboard/mouse/surge	\$ 1,731.32	\$ 865.66	\$ 400.00	\$ 15,200.00	Wicker D	6
72	ADIX 12 Button w/display & Speakerphone	\$ 250.00	\$ 125.00	\$ 90.00	\$ 6,480.00	Storage	40

TOTALS

\$ 169,642.87

0

EXHIBIT

2

NORTH CAROLINA

WAKE COUNTY

**BILL OF SALE**

THIS BILL OF SALE is made this 18<sup>th</sup> day of November, 1998, by International Heritage, Incorporated (the "Seller") to Stanley H. Van Etten (the "Buyer").

Seller, for and in consideration of the reduction of obligations owed by the Seller to Buyer in the amount of \$64,484.42, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, has bargained and sold and by these presents does bargain, sell, grant, assign, transfer, set over, deliver, and convey unto Buyer, his heirs and assigns, certain articles of personal property, more particularly described as follows (the "Personal Property"): See attached Exhibit 1, which is incorporated herein by reference.

To have and to hold the Personal Property to the Buyer and his heirs and assigns in fee simple.

And Seller covenants that he is seized of said property in fee and has the right to convey the same in fee simple, that the same is free and clear of all encumbrances whatsoever, and that he will warrant and defend the title thereto against the lawful claims of all persons whomsoever.

FURTHER, the Seller hereby covenants and agrees to sign, execute, and deliver, or cause to be signed, executed, and delivered, and to do or make, or cause to be done or made, upon reasonable request of the Buyer, any and all agreements, instruments, papers, deeds, acts, or things, supplemental, confirmatory, or otherwise, as may be reasonably required by the Buyer for the purpose of or in connection with acquiring or more effectually vesting in the Buyer or



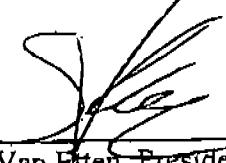
evidencing the vesting in the Buyer of all the right, title, and interest of the Seller in and to the Personal Property.

THE SELLER MAKES NO WARRANTY, EXPRESS OR IMPLIED, WHETHER OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR OTHERWISE, THE BUYER HAS MADE AND RELIED UPON HIS OWN INSPECTION OF THE PERSONAL PROPERTY AND ACCEPTS IT IN "AS IS" CONDITION.

IN TESTIMONY WHEREOF, the Seller has hereunto caused this Bill of Sale to be executed on its behalf the day and year first above written.

INTERNATIONAL HERITAGE, INCORPORATED

By:

  
Stanley H. Van Etten, President

ATTEST:

Anna M. Washburn

Secretary (Corporate Seal)

NORTH CAROLINA

WAKE COUNTY

I, a Notary Public for said County and State, certify that Anna M. Washburn personally came before me this day and acknowledged that (s)he is \_\_\_\_\_ Secretary of INTERNATIONAL HERITAGE, INCORPORATED, a corporation, and that by authority duly

given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by him/her as its \_\_\_\_\_ Secretary.

Witness my hand and official seal or stamp, this the 18 day of November, 1998.



this the 18<sup>th</sup> day of November, 1998.  
Angela L. Cox  
Notary Public  
My Commission Expires: 7-29-2003

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47

FRA ILW

**INTERNATIONAL HERITAGE INVENTORY LIST**  
**SOLD TO STAN VAN ETEN**

ITEM #	QTY	CURRENT VALUE
252	1	\$10.15
259	1	\$8.75
263	5	\$91.00
266	1	\$9.10
342	1	\$10.15
400	3	\$367.50
403	11	\$1,455.30
405	1	\$13.65
406	2	\$87.50
407	2	\$21.70
408	3	\$88.10
409	10	\$1,750.00
410	9	\$2,794.05
412	1	\$14.00
413	2	\$28.70
414	3	\$63.00
415	8	\$291.20
416	5	\$280.00
417	7	\$612.50
418	11	\$2,225.30
419	1	\$104.65
420	2	\$37.80
421	11	\$2,806.65
422	9	\$1,165.50
423	17	\$2,165.80
424	3	\$98.70
425	6	\$420.00
437	1	\$35.70
438	1	\$82.86
441	1	\$31.23
443	1	\$30.41
445	3	\$399.50
449	1	\$98.35
455	4	\$378.42
456	2	\$164.50
457	8	\$822.50
463	7	\$531.65
464	8	\$638.40
467	5	\$285.75
469	1	\$68.60
470	2	\$41.30
472	3	\$179.55
481	1	\$62.30
483	12	\$818.00
490	1	\$29.40
491	2	\$68.60
492	1	\$27.99
493	1	\$16.80
509	1	\$105.00

Products are identified by item numbers.

All products can be found in the International Heritage, Inc. product catalogs.

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47

FRA NO.

**INTERNATIONAL HERITAGE INVENTORY LIST**  
**SOLD TO STAN VAN ETTE**

533	1	\$58.88
534	1	\$49.00
553	1	\$63.88
562	2	\$385.00
563	1	\$122.50
564	2	\$332.50
854	1	\$26.25
2058	1	\$81.55
2072	2	\$53.55
2088	1	\$175.00
2095	1	\$40.60
2106	1	\$59.15
2108	1	\$157.50
2109	1	\$59.15
2126	1	\$140.00
2131	1	\$57.75
2158	1	\$415.07
2174	1	\$81.25
2180	1	\$103.25
2191	1	\$54.25
2237	1	\$454.30
2238	1	\$454.30
2281	124	\$6,727.00
2284	1	\$23.80
2316	1	\$68.25
2320	1	\$63.00
4005	1	\$463.75
4008	1	\$772.10
4016	1	\$409.85
4017	1	\$650.65
4022	1	\$213.15
4028	1	\$171.15
4039	1	\$857.25
4047	1	\$108.75
4050	1	\$122.50
4063	1	\$185.15
4071	1	\$185.15
4073	1	\$185.15
4102	1	\$32.20
4107	1	\$21.00
4114	3	\$49.35
4116	1	\$15.40
4206	2	\$224.00
4210	1	\$112.00
4211	4	\$448.00
4307	1	\$16.80
4319	1	\$29.40
4362	2	\$31.50
4363	1	\$13.86
4367	1	\$13.86
4395	1	\$24.61

Products are identified by item numbers.

All products can be found in the International Heritage, Inc. product catalogs.

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47

FMA NO.

**INTERNATIONAL HERITAGE INVENTORY LIST**  
**SOLD TO STAN VAN ETEN**

4408	3	\$89.83
4416	1	\$24.15
5062	1	\$52.60
5091	8	\$981.76
5092	12	\$1,487.64
5095	1	\$111.72
5096	1	\$111.72
5097	1	\$87.02
5098	2	\$406.90
5122	1	\$157.50
5128	1	\$157.50
5132	1	\$104.35
5141	1	\$114.27
5144	1	\$61.23
5157	4	\$457.80
5158	12	\$1,373.40
5205	1	\$52.50
5209	1	\$108.50
5210	1	\$118.13
5216	1	\$70.00
5221	2	\$70.00
5237	2	\$131.36
5258	2	\$315.00
5262	1	\$63.00
5272	3	\$144.80
5273	3	\$211.05
5274	3	\$255.15
5276	1	\$50.40
5281	1	\$89.25
5282	1	\$74.55
5284	3	\$337.05
5286	1	\$58.70
5291	1	\$152.25
5292	1	\$152.25
5293	1	\$152.25
5294	2	\$401.10
5298	2	\$186.80
5300	3	\$463.05
5302	1	\$283.50
5308	1	\$50.26
6485	1	\$105.00
7314	1	\$76.65
8218	1	\$36.05
8230	2	\$72.10
9101	1	\$124.25
9206	2	\$140.00
9403	3	\$262.50
40681	1	\$31.15
5126A	1	\$69.65
5126B	2	\$173.60
5128A	1	\$75.95

Products are identified by item numbers.

All products can be found in the International Heritage, Inc. product catalogs.

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47

FMA NO.

**INTERNATIONAL HERITAGE INVENTORY LIST**  
**SOLD TO STAN VAN ETEN**

S130A	3	\$208.95
S141A	2	\$138.69
S147A	1	\$63.17
S216B	1	\$149.63
720A	1	\$77.91
720B	1	\$77.91
PR1015	1	\$189.00
PR1018	2	\$378.00
PR1021	1	\$189.00
PR1024	1	\$189.00
PR1028	27	\$5,103.00
PR1029	1	\$189.00
PR1030	5	\$945.00
PR1031	2	\$378.00
PR1032	5	\$945.00
PR1037	6	\$1,134.00
PR1038	2	\$378.00
PR1043	1	\$189.00
PR1047	1	\$189.00
PR1068	1	\$189.00
PR1069	1	\$189.00
PR1088	7	\$1,323.00
PR1090	1	\$189.00
PR1091	4	\$756.00
PR1092	4	\$756.00
PR1093	1	\$189.00

**MISC**

2	\$24.50
3	\$10.64
11	\$77.00
1	\$6.30
1	\$31.50
4	\$126.00
8	\$252.00
1	\$38.85
1	\$35.61
2	\$89.30
2	\$37.80
22	\$369.60
1	\$81.95
1	\$31.76

\$64,484.42

Products are identified by item numbers.

All products can be found in the International Heritage, Inc. product catalogs.

Form B10 (Official Form 10) (4/98)

MAUPIN TAYLOR 3

UNITED STATES BANKRUPTCY COURT Eastern

DISTRICT OF NC

Name of Debtor  
International Heritage, Inc.Case Number  
98-02675-5-ATS

FILED

MAR 30 1999

PEGGY B. DEANS, CLERK  
U.S. BANKRUPTCY COURT  
EASTERN DISTRICT OF NC

Name of Creditor (The person or other entity to whom the debtor owes money or property):

Mayflower Capital, LLC

Name and address where notices should be sent:

c/o Brent E. Wood  
Wood & Francis, PLLC  
P. O. Box 164  
Raleigh, NC 27602  
Telephone number: (919) 828-0801 Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars Check box if you have never received any notices from the bankruptcy court in this case. Check box if the address differs from the address on the envelope sent to you by the court.

This Space is for Court Use Only

Account or other number by which creditor identifies debtor:

Check here if this claim  replaces  amends a previously filed claim, dated: \_\_\_\_\_

## 1. Basis for Claim

- Goods sold
- Services performed
- Money loaned
- Personal injury/wrongful death
- Taxes
- Other \_\_\_\_\_

- Retiree benefits as defined in 11 U.S.C. § 1114(a)
- Wages, salaries, and compensation (fill out below)

Your SSN \_\_\_\_\_  
Unpaid compensation for services performed  
from \_\_\_\_\_ to \_\_\_\_\_  
(date) (date)

## 2. Date debt was incurred: Various Dates - See Att.

3. If court judgment, date obtained: N/A

## 4. Total Amount of Claim at Time Case Filed:

\$ 1,158,520.04

If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below.

- Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.

## 5. Secured Claim:

Check this box if your claim is secured by collateral (including a right of setoff).

Brief Description of Collateral:

 Real Estate     Motor Vehicle Other Personal PropertyValue of Collateral: \$ unknown

## 6. Unsecured Priority Claim:

- Check this box if you have an unsecured priority claim
- Amount entitled to priority \$ \_\_\_\_\_
- Specify the priority of the claim:

Wages, salaries, or commissions (up to \$4300) earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(3).

Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(4).

Up to \$1,950<sup>a</sup> of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(6)

Alimony, maintenance, or support owed to a spouse, former spouse, or child - 11 U.S.C. 507(a)(7).

Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).

Other - Specify applicable paragraph of 11 U.S.C. § 507(a)(\_\_\_\_).

<sup>a</sup>Amounts are subject to adjustment on 4/1/98 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.

Amount of acreage and other charges at time case filed included in secured claim, if any: \$ \_\_\_\_\_

This Space is For Court Use Only

7. Credits: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim. (See attached Exhibit A)

8. Supporting Documents: Attach copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. (See attached Exhibit A)

DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.

9. Date-Stamped Copy: To receive an acknowledgement of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.

Date

3/30/99

Signature shall be construed to mean, if any, of the creditor or other person authorized to file this claim, copied or power of attorney, if any.

Brent E. Wood, Attorney

Penalty for commencing fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

EXHIBIT

B

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF NORTH CAROLINA

IN RE: )  
INTERNATIONAL HERITAGE, INC. ) CASE NO.: 98-02675-5-ATS  
 ) CHAPTER 7  
Debtor. )

EXHIBIT A

As an addition to the proof of claim of Mayflower Capital, LLC filed in the above-captioned bankruptcy, Mayflower Capital, LLC will offer the following information relating to its claim. Mayflower Capital, LLC made the following loans to International Heritage, Inc.: \$50,000 on June 16, 1998; \$700,000 on June 12, 1998; \$500,000 on July 10, 1998; \$100,000 on October 14, 1998; and \$75,188.08 on or about November 20, 1998. According to the calculations of Mayflower Capital, LLC, the total amount owed by International Heritage, Inc. to Mayflower Capital, LLC is \$1,158,520.04. From this amount, International Heritage, Inc. is entitled to a credit of \$26,069.50. Attached hereto as Exhibit 1 through 3 are the promissory notes relating to these loans. Attached hereto as Exhibit 4 is a breakdown for one of these loans, which was a covering of payroll for International Heritage, Inc. Attached hereto as Exhibit 5 is the credit to be applied to this debt owed.

SATISFACTION: evidenced by  
this Note has been  
100% paid in full this  
10th day of June 1998  
Signed: John H. Price

47

## PROMISSORY NOTE

Raleigh  
June 16, 1998  
N.C.

FOR VALUE RECEIVED the undersigned, jointly and severally, promise to pay to Mayflower Capital, LLC

the principal sum of \$700,000 + \$50,000  
DOLLARS (\$ 750,000 ), with interest from 6/12/98 for \$700,000, at the rate of +twelve  
percent (12%) per annum on the unpaid balance until paid or until default, both principal and interest payable in lawful money of the United States of America, at

the office of

or at such place as the legal holder hereof may designate in writing. It is understood and agreed that additional amounts may be advanced by the holder hereof as provided in the instruments, if any, securing this Note and such advances will be added to the principal of this Note and will accrue interest at the above specified rate of interest from the date of advance until paid. The principal and interest shall be due and payable as follows:

payable as first available funds (when THE bond is made fit with court). In addition, a \$10,000 fee will be charged beyond the above referenced interest rate.

If not sooner paid, the entire remaining indebtedness shall be due and payable on \_\_\_\_\_

If payable in installments, each such installment shall, unless otherwise provided, be applied first to payment of interest then accrued and due on the unpaid principal balance, with the remainder applied to the unpaid principal.

Unless otherwise provided, this Note may be prepaid in full or in part at any time without penalty or premium. Partial prepayments shall be applied to installments due in reverse order of their maturity.

In the event of (a) default in payment of any installment of principal or interest hereof as the same becomes due and such default is not cured within ten (10) days from the due date, or (b) default under the terms of any instrument securing this Note, and such default is not cured within fifteen (15) days after written notice to maker, then in either such event the holder may without further notice, declare the remainder of the principal sum, together with all interest accrued thereon and, the prepayment premium, if any, at once due and payable. Failure to exercise this option shall not constitute a waiver of the right to exercise the same at any other time. The unpaid principal of this Note and any part thereof, accrued interest and all other sums due under this Note and the Deed of Trust,

if any, shall bear interest at the rate of \_\_\_\_\_ percent ( \_\_\_\_\_ %) per annum after default until paid.

All parties to this Note, including maker and any sureties, endorsers, or guarantors hereby waive protest, presentment, notice of dishonor, and notice of acceleration of maturity and agree to continue to remain bound for the payment of principal, interest and all other sums due under this Note and the Deed of Trust notwithstanding any change or changes by way of release, surrender, exchange, modification or substitution of any security for this Note or by way of any extension or extensions of time for the payment of principal and interest; and all such parties waive all and every kind of notice of such change or changes and agree that the same may be made without notice or consent of any of them.

Upon default the holder of this Note may employ an attorney to enforce the holder's rights and remedies and the maker, principal, surety, guarantor and endorsers of this Note hereby agree to pay to the holder reasonable attorney's fees not exceeding a sum equal to fifteen percent (15%) of the outstanding balance owing on said Note, plus all other reasonable expenses incurred by the holder in exercising any of the holder's rights and remedies upon default. The rights and remedies of the holder as provided in this Note and any instrument securing this Note shall be cumulative and may be pursued singly, successively, or together against the property described in the Deed of Trust or any other funds, property or security held by the holder for payment or security, in the sole discretion of the holder. The failure to exercise any such right or remedy shall not be a waiver or release of such rights or remedies or the right to exercise any of them at another time.

This Note is to be governed and construed in accordance with the laws of the State of North Carolina.

This Note is given \_\_\_\_\_ and is secured by a

all assets of International Heritage, Inc.

IN TESTIMONY WHEREOF, each corporate maker has caused this instrument to be executed in its corporate name by its

President, Attested by its

Secretary, and its corporate seal to be hereto affixed, all by order of its Board of Directors first duly given, the day and year first above written.

International Heritage, Inc.  
(Corporate Name)

By: \_\_\_\_\_

President

John H. Price  
(Signature)

Secretary (Corporate Seal)

(Corporate Name)

By: \_\_\_\_\_

President

ATTEST:

Secretary (Corporate Seal)

which is a \_\_\_\_\_ lien upon the property therein described.  
IN TESTIMONY WHEREOF, each individual maker has hereunto set his hand and adopted as his seal the word "SEAL" appearing beside his name, the day and year first above written.

(SEAL)

(SEAL)

(SEAL)

(SEAL)

(SEAL)

(SEAL)

(SEAL)





SATISFACTION: indebtedness evidenced by  
this Note has been satisfied in full this  
day of , 19  
Signed: \_\_\_\_\_

## PROMISSORY NOTE

\$ 100,000

FOR VALUE RECEIVED the undersigned, jointly and severally, promise to pay to Mayflower Capital, LLC, a North Carolina limited liability company with its principal office at 2626 Glenwood Avenue, Suite 200, Raleigh, North Carolina 27608 or order, the principal sum of One Hundred Thousand and No/100 DOLLARS (\$ 100,000), with interest from 14 October 1998, at the rate of twelve percent (12 %) per annum on the unpaid balance until paid or until default, both principal and interest payable in lawful money of the United States of America, at the office of Mayflower Capital, LLC

or at such place as the legal holder hereof may designate in writing. It is understood and agreed that additional amounts may be advanced by the holder hereof as provided in the instruments, if any, securing this Note and such advances will be added to the principal of this Note and will accrue interest at the above specified rate of interest from the date of advance until paid. The principal and interest shall be due and payable as follows: upon demand.

If not sooner paid, the entire remaining indebtedness shall be due and payable on \_\_\_\_\_, payable in installments, each such installment shall, unless otherwise provided, be applied first to payment of interest then accrued and due on the unpaid principal balance, with the remainder applied to the unpaid principal.

Unless otherwise provided, this Note may be prepaid in full or in part at any time without penalty or premium. Partial prepayments shall be applied to installments due in reverse order of their maturity.

In the event of (a) default in payment of any installment of principal or interest hereof as the same becomes due and such default is not cured within ten (10) days from the due date, or (b) default under the terms of any instrument securing this Note, and such default is not cured within fifteen (15) days after written notice to maker, then in either such event the holder may without further notice, declare the remainder of the principal sum, together with all interest accrued thereon and, the prepayment premium, if any, at once due and payable. Failure to exercise this option shall not constitute a waiver of the right to exercise the same at any other time. The unpaid principal of this Note and any part thereof, accrued interest and all other sums due under this Note and the Deed of Trust, if any, shall bear interest at the rate of eight per cent (8 %) per annum after default until paid.

All parties to this Note, including maker and any sureties, endorsers, or guarantors hereby waive protest, presentment, notice of dishonor, and notice of acceleration of maturity and agree to continue to remain bound for the payment of principal, interest and all other sums due under this Note and the Deed of Trust notwithstanding any change or changes by way of release, surrender, exchange, modification or substitution of any security for this Note or by way of any extension or extensions of time for the payment of principal and interest; and all such parties waive all and every kind of notice of such change or changes and agree that the same may be made without notice or consent of any of them.

Upon default the holder of this Note may employ an attorney to enforce the holder's rights and remedies and the maker, principal, surety, guarantor and balance owing on said Note, plus all other reasonable expenses incurred by the holder in exercising any of the holder's rights and remedies upon default. The holder against the property described in the Deed of Trust or any other funds, property or security held by the holder for payment or security, in the sole discretion of the holder. The failure to exercise any such right or remedy shall not be a waiver or release of such rights or remedies or the right to exercise any of them at another time.

This Note is to be governed and construed in accordance with the laws of the State of North Carolina.  
This Note is given \_\_\_\_\_, and is secured by \_\_\_\_\_, and is secured by \_\_\_\_\_,

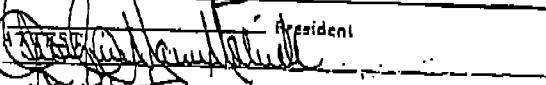
Uniform Commercial Code financing statement filed with the Secretary of State and with the Wake County Register of Deeds

IN TESTIMONY WHEREOF, each corporate maker has caused this instrument to be executed in its corporate name by its \_\_\_\_\_ President, attested by its \_\_\_\_\_

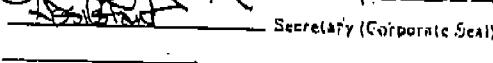
Secretary, and its corporate seal to be hereto affixed by order of its Board of Directors first duly given, the day and year first above written.

International Heritage Inc.  
(Corporate Name)

By:



President



Secretary (Corporate Seal)

By: \_\_\_\_\_  
(Corporate Name)

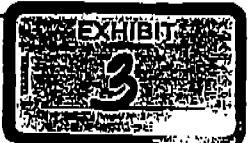
ATTEST: \_\_\_\_\_ President

Secretary (Corporate Seal)

N.C. Bar Assoc. Form No. 6 • 1970, Revised • 1995

Printed by Agreements with the N.C. Bar Assoc.

Perry Publishing Co., Inc. P.O. Box



MAR-29-99 MUN 01:10 PM MAYFLOWER CAPITAL, LLC

47

FAX NO. 919-981-4300

P. US

Nov 6, 1998

**Mayflower Capital LLC**

Page

**Check Register**

Check Number	Date	Vendor/Invoice #	Invoice Amount	Amount Paid	Credits	Discounts	Net Amount
1190	11/06/98	OTHERCHK	Edward Carey				2571.50
1191	11/06/98	OTHERCHK	Kenneth Hirsch				1487.72
		Report Total		0.00	0.00	0.00	4059.22

MAR-28-99 MUN 01:11 PM MAYFLOWER CAPITAL, LLC

47 FAX NO. 1-704-218370

F. 10

Nov 6, 1998

# Mayflower Capital LLC

## Check Register

Page

12:54 pm

Check Number	Date	Vendor/Invoice #	Invoice Amount	Amount Paid	Credits	Discounts	Net Amount
1192	11/06/98	OTHERCHK	Heather Slinkard				806.84
1193	11/06/98	OTHERCHK	Kendra McCarty				762.88
1194	11/06/98	OTHERCHK	Doug Troskey				197.02
1195	11/06/98	OTHERCHK	Carl Larsen				689.01
1196	11/06/98	OTHERCHK	Norma J. Baker				1163.60
1197	11/06/98	OTHERCHK	Joaquina Vaquiz				769.57
1198	11/06/98	OTHERCHK	Natasha Dantzler				875.34
1199	11/06/98	OTHERCHK	James Harris				1849.81
1200	11/06/98	OTHERCHK	Jie Yan				907.11
1201	11/06/98	OTHERCHK	Toby Kandies				756.13
1202	11/06/98	OTHERCHK	Alan Zhang				844.88
1203	11/06/98	OTHERCHK	James D. McDonald				366.33
1204	11/06/98	OTHERCHK	Shannon K. Zeko				904.38
1205	11/06/98	OTHERCHK	David Shane				1782.00
1206	11/06/98	OTHERCHK	David Scott				805.63
1207	11/06/98	OTHERCHK	Daniel Hague				828.54
<b>Report Total</b>				<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>14309.07</b>

MAR-29-99 MUN UT:12 PM MAYFLOWER CAPITAL, LLC

FAX NO. 919-981-4300

R. 11

Nov 6, 1998

**Mayflower Capital LLC**

Page

3:35 pm

**Check Register**

Check Number	Date	Vendor/Invoice #	Invoice Amount	Amount Paid	Credits	Discounts	Net Amount
1208	11/06/98	OTHERCHK	Wendy Raynor				819.18
1209	11/06/98	OTHERCHK	Catherine M. Riehl				727.01
		Report Total		0.00	0.00	0.00	1546.19

MAR-29-99 MON 01:12 PM MAYFLOWER CAPITAL, LLC 47 FAX NO. 713-3818375 R. 12

Nov. 6, 1998

**Mayflower Capital LLC**  
**Check Register**

Page

Check Number	Date	Vendor/Invoice #	Invoice Amount	Amount Paid	Credits	Discounts	Net Amount
1210	11/06/98	OTHERCHK	Lisa R. Eddie				1016.91
		Report Total		0.00	0.00	0.00	1016.91

MAYFLOWER CAPITAL, LLC

MAYFLOWER CAPITAL, LLC

1152

Mayflower Capital LLC

**MAYFLOWER CAPITAL, LLC**  
 2626 GLENWOOD AVENUE  
 SUITE 100  
 RALEIGH, NC 27608  
 PHONE: (919) 881-7993 TAX ID 56-1909705\*\*\*\*\*

One Thousand One Hundred Sixty Four &amp; 77/100 Dollars

**WACHOVIA**

WACHOVIA BANK, N.A.  
 2001 CLARK AVENUE  
 RALEIGH, NC 27605  
 66-762531

1152 1152

DATE	AMOUNT
11/05/98	*****1,164.77

PAY  
 TO THE  
 ORDER  
 OF

Alex Ravenscraft



#001152# 10531076330 6264 095930#

MAYFLOWER CAPITAL, LLC

1152

11/05/98 Check #: 1152

Payee: n/a

MAR-29-99 MON 01:13 PM MAYFLOWER CAPITAL, LLC 47 FAX NO. 1-800-218375

Nov 9, 1998

Page

4:34 pm

**Mayflower Capital LLC****Check Register**

Check Number	Date	Vendor/Invoice #	Invoice Amount	Amount Paid	Credits	Discounts	Net Amount
1216	11/09/98	OTHERCHK	Chris Reid				2887.49
		Report Total		0.00	0.00	0.00	2887.49

MAYFLOWER CAPITAL, LLC

1219

MAYFLOWER CAPITAL, LLC  
2626 GLENWOOD AVENUE  
SUITE 100  
RALEIGH, NC 27608  
PHONE: (919) 881-7993 TAX ID 56-1999205

**WACHOVIA**

WACHOVIA BANK, N.A.  
201 CLARK AVENUE  
RALEIGH, NC 27603  
64-763/531

1219

Three thousand five hundred fifty & 29/100 dollars  
DATE AMOUNT  
Nov. 20, 1998 \$ 3,550.29

PAY  
TO THE  
ORDER  
OF

*Kevin D. Jones*

MAYFLOWER CAPITAL, LLC

1219

NORTH CAROLINA

WAKE COUNTY

**BILL OF SALE**

THIS BILL OF SALE is made this 18<sup>th</sup> day of November, 1998, by International Heritage, Incorporated (the "Seller") to Stanley H. Van Etten (the "Buyer").

Seller, for and in consideration of the reduction of obligations owed by the Seller to Buyer in the amount of \$26,069.50, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, has bargained and sold and by these presents does bargain, sell, grant, assign, transfer, set over, deliver, and convey unto Buyer, his heirs and assigns, certain articles of personal property, more particularly described as follows (the "Personal Property"): See attached Exhibit 1, which is incorporated herein by reference.

To have and to hold the Personal Property to the Buyer and his heirs and assigns in fee simple.

And Seller covenants that he is seized of said property in fee and has the right to convey the same in fee simple, that the same is free and clear of all encumbrances whatsoever, and that he will warrant and defend the title thereto against the lawful claims of all persons whomsoever.

FURTHER, the Seller hereby covenants and agrees to sign, execute, and deliver, or cause to be signed, executed, and delivered, and to do or make, or cause to be done or made, upon reasonable request of the Buyer, any and all agreements, instruments, papers, deeds, acts, or things, supplemental, confirmatory, or otherwise, as may be reasonably required by the Buyer for the purpose of or in connection with acquiring or more effectually vesting in the Buyer or



evidencing the vesting in the Buyer of all the right, title, and interest of the Seller in and to the Personal Property.

THE SELLER MAKES NO WARRANTY, EXPRESS OR IMPLIED, WHETHER OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR OTHERWISE, THE BUYER HAS MADE AND RELIED UPON HIS OWN INSPECTION OF THE PERSONAL PROPERTY AND ACCEPTS IT IN "AS IS" CONDITION.

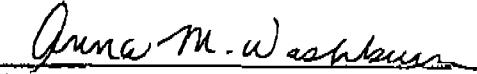
IN TESTIMONY WHEREOF, the Seller has hereunto caused this Bill of Sale to be executed on its behalf the day and year first above written.

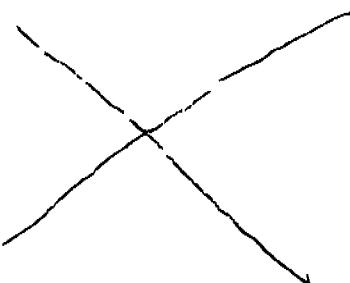
INTERNATIONAL HERITAGE, INCORPORATED

By:

  
Stanley H. Van Etten, President

ATTEST:

  
\_\_\_\_\_  
Secretary (Corporate Seal)



C:\wp\vanetten.billofsaleperprop6.doc

Stan Van Etten  
Asset Purchase  
(Mayflower)

Furniture	Cost	Extended Cost
<b>Qty Description</b>		
1 2 Drawer Mahogany Standard File	\$170.00	\$ 170.00
1 Wooden Plant Stand	\$ 20.00	\$ 20.00
4 Polled Natural Plants	\$ 15.00	\$ 60.00
1 Silk Plant	\$ 15.00	\$ 15.00
1 Mahogany End table	\$ 95.00	\$ 95.00
1 Mahogany Coffee Table	\$100.00	\$ 100.00
1 32" Mahogany Cabinet	\$125.00	\$ 125.00
4 Desk Lamps	\$ 40.00	\$ 160.00
1 5 Shelf Wooden Bookcase	\$150.00	\$ 150.00
1 3-Shelf Wooden Bookcase	\$100.00	\$ 100.00
3 Wooden Bookshelves with Cabinets	\$175.00	\$ 525.00
6 2 Drawer Mahogany Lateral File	\$185.00	\$ 1,110.00
1 Bulletin Board	\$ 5.00	\$ 5.00
5 Framed Prints	\$ 30.00	\$ 180.00
1 Printer Stand	\$ 25.00	\$ 25.00
1 Table Lamp	\$ 5.00	\$ 5.00
8 Wooden Blinds	\$ 80.00	\$ 640.00
2 52" Metal 4 Drawer Lateral File Cabinets	\$200.00	\$ 400.00
<b>SUBTOTAL</b>		<b>\$ 3,885.00</b>
<b>TOTAL (ALL CATEGORIES)</b>		<b>\$ 3,885.00</b>
		<b>\$ 21,676.50</b>
		<b>\$ 183.00</b>
		<b>\$ 325.00</b>
		<b><u>\$ 26,069.50</u></b>

EXHIBIT

Form B10 (Official Form 10) (4/98)

UNITED STATES BANKRUPTCY COURT EASTERN DISTRICT OF NC		FILED MAR 30 1999 PEGGY B. DEANS, CLERK U.S. BANKRUPTCY COURT EASTERN DISTRICT OF N.C.
Name of Debtor International Heritage, Inc.	Case Number 98-02675-5-ATS	
Name of Creditor (The person or other entity to whom the debtor owes money or property):  Mayflower Holdings, Inc.	<input type="checkbox"/> Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars	
Name and address where notices should be sent: c/o Brent E. Wood Wood & Francis, PLLC P. O. Box 164 Raleigh, NC 27602 Telephone number: (919) 828-0801	<input type="checkbox"/> Check box if you have never received any notices from the bankruptcy court in this case. <input type="checkbox"/> Check box if the address differs from the address on the envelope sent to you by the court.	This Space Is for Court Use Only
Account or other number by which creditor identifies debtor:	<input type="checkbox"/> Check here if this claim <input type="checkbox"/> replaces <input type="checkbox"/> amends a previously filed claim, dated: _____	
1. Basis for Claim <input checked="" type="checkbox"/> Goods sold <input checked="" type="checkbox"/> Services performed <input type="checkbox"/> Money loaned <input type="checkbox"/> Personal injury/wrongful death <input type="checkbox"/> Taxes <input checked="" type="checkbox"/> Other <u>Equity Investments</u>	<input type="checkbox"/> Retiree benefits as defined in 11 U.S.C. § 1114(a) <input type="checkbox"/> Wages, salaries, and compensation (fill out below)	Your SS# _____ Unpaid compensation for services performed from _____ to _____ (date) (date)
2. Date debt was incurred: Prior to Nov. 25, 1998	3. If court judgment, date obtained: N/A	
4. Total Amount of Claim at Time Case Filed: \$113,456.00 If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below.		
<input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.		
5. Secured Claim. <input type="checkbox"/> Check this box if your claim is secured by collateral (including a right of setoff). Brief Description of Collateral: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other _____ Value of Collateral: \$ _____  Amount of arrearage and other charges at time case filed included in secured claim, if any: \$ _____	6. Unsecured Priority Claim. <input type="checkbox"/> Check this box if you have an unsecured priority claim. Amount entitled to priority \$ _____ Specify the priority of the claim: <input type="checkbox"/> Wages, salaries, or commissions (up to \$4300), earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(3). <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(4). <input type="checkbox"/> Up to \$1,950 <sup>o</sup> of deposit toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(6). <input type="checkbox"/> Alimony, maintenance, or support owed to a spouse, former spouse, or child - 11 U.S.C. § 507(a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8). <input type="checkbox"/> Other - Specify applicable paragraph of 11 U.S.C. § 507(a)(____). <sup>o</sup> Amounts are subject to adjustment on 4/1/98 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.	
7. Credits: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.	This Space Is For Court Use Only	
8. Supporting Documents: Attach copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. (See Attached Exhibit A) DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.		
9. Date-Stamped Copy: To receive an acknowledgement of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.		
Date 3/30/99	Sign and print name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any):  Brent E. Wood, Attorney	
Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.		

EXHIBIT

C

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF NORTH CAROLINA

IN RE:  
INTERNATIONAL HERITAGE, INC. )  
Debtor. ) CASE NO.: 98-02675-5-ATS  
                ) CHAPTER 7

**EXHIBIT A**

As an explanation to the claim of Mayflower Holdings, Inc. in the above-captioned bankruptcy, Mayflower Holdings, Inc. will offer the following information. Mayflower Holdings, Inc. made an equity investment in International Heritage, Inc. near the inception of this company in the amount of \$104,065.

In addition, International Heritage, Inc. purchased equipment from State Office Supply which ultimately had to be paid, in part, by Mayflower Holdings, Inc. in order for Mayflower Holdings, Inc. to maintain a relationship with State Office Supply. The amount paid by Mayflower Holdings, Inc. to State Office Supply was \$9,391.

As a result, the total amount of the claim of Mayflower Holdings, Inc. is \$113,456.